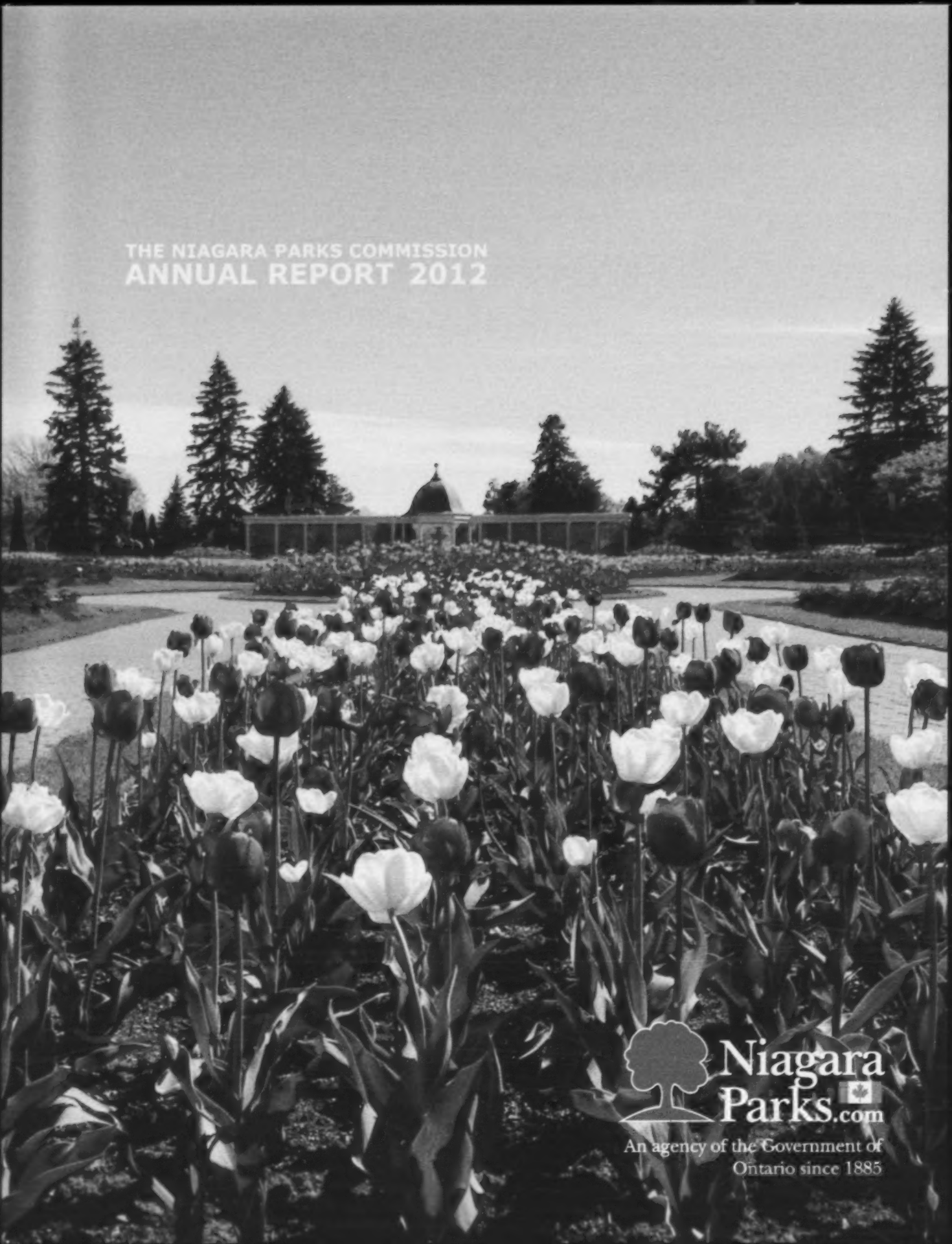


THE NIAGARA PARKS COMMISSION

ANNUAL REPORT 2012

Niagara Parks.com

An agency of the Government of Ontario since 1885

The Niagara Parks Commission

Our Role & Mission

View from Journey Behind the Falls

Niagara is a region steeped in history and blessed by geography. As steward of one of the world's greatest natural wonders, The Niagara Parks Commission (NPC) plays a key role in maintaining, protecting and showcasing the grandeur of the Falls, while contributing to the economic growth and success of Niagara and Ontario.

As a self-funded agency of the provincial government, NPC is responsible for the maintenance of 1,325 hectares of parkland, stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario.

Our mission remains the same as it was when the Commission was first established in 1885: to preserve and enhance the natural beauty of the Falls and the Niagara River corridor for the enjoyment of visitors while maintaining financial self-sufficiency.

Niagara Parks

An agency of the Government of Ontario since 1885

Ontario

On the cover
Niagara Parks Botanical Gardens

The Commissioners **2012**

Aerial view of the Niagara Gorge

Janice Thomson, Chair
Appointed November 16, 2011
Term expires November 15, 2015
Appointed Vice Chair August 10, 2010
November 15, 2011

Joan Andrew, Commissioner
Appointed May 2, 2012
Term expires May 1, 2015

James Detenbeck, Commissioner
Appointed August 1, 2012
Term expires July 31, 2015

David Eke, Commissioner
(Town of Niagara-on-the-Lake nominee)
Appointed January 19, 2011
Term expires November 30, 2012

William Forward, Commissioner
Appointed November 29, 2010
Term expired February 29, 2012

Lois Anne Giles, Commissioner
Appointed June 20, 2012
Term expires July 19, 2013

Barbara Greenwood, Commissioner
(Regional Municipality of
Niagara nominee)
Appointed January 19, 2011
Term expires November 30, 2012

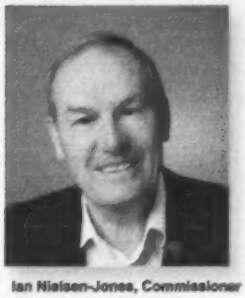
Vincent Kerrio, Commissioner
(City of Niagara Falls nominee)
Appointed April 18, 2007
Term expires November 30, 2012

Anthony LaMantia, Commissioner
Appointed March 1, 2012
Term expired May 31, 2012

Patricia Li, Commissioner
Appointed November 29, 2010
Term expired February 29, 2012

Douglas Martin, Commissioner
(Nominee of the Town of Fort Erie)
Appointed April 18, 2007
Term expires November 30, 2012

Ron McKerlie, Commissioner
Appointed November 29, 2010
Term expired February 29, 2012



Ian Nielsen-Jones, Commissioner
Appointed June 20, 2012
Term expires July 19, 2013

Kerry Pond, Commissioner
Appointed March 1, 2012
Term expires May 31, 2013

Mary Shenstone, Commissioner
Appointed March 1, 2012
Term expired July 31, 2012

Lori Sterling, Commissioner
Appointed November 29, 2010
Term expired July 31, 2012

Virginia West, Commissioner
Appointed November 29, 2010
Term expires November 30, 2012

Chair's Message

The Niagara Parks Commission entered 2012 ready to welcome the world as a series of new high profile events, bi-national celebrations and the realization of infrastructure investments made Niagara Parks the gathering place to be for visitors from across the globe.

While signs of a sustained economic recovery remained elusive in 2012, nothing in the tourism sector assists its fortunes more than good weather. In Niagara, an unseasonably mild winter, followed by continued sun and warm temperatures, did much to help spur increased visitation and interest in Niagara Parks in 2012.

New and exciting events such as NPC's Animals of the Rainforest Exhibit at the Butterfly Conservatory helped set a positive tone early on and foretold of a tourism recovery, which would soon emerge. Working in partnership with Little Ray's Reptile Zoo in Ottawa, NPC's Animals of the Rainforest Exhibit did much to generate positive awareness, visitation and interest in the story Niagara Parks had to tell in 2012.

Chair Janice Thomson greets Her Royal Highness, The Countess of Wessex at the Lincoln and Welland Regiment's presentation of new regimental colours parade at Queenston Heights.

The bloom of a spring recovery continued, as increased media attention and attendance turned to NPC's Floral Showhouse, as a result of the unique Titan Arum flower display held during the months of April and May. The Titan Arum, known as the world's largest flower, is a massive bell-shaped flower, which can grow up to three metres in height and is exceedingly rare to see. Until 1989, only 21 flowers were recorded to have bloomed in botanical gardens worldwide.

This past spring, NPC was proud to showcase two of these flowers, which helped to cultivate renewed interest in the facility and Niagara Parks horticultural tradition. The incredible interest in these flowers provided the Commission with an estimated $1.4 million in public relations value, as over 21 million media impressions were generated by the national and international coverage of these flowers.

These initiatives, coupled with the tremendous media and public interest garnered by the Nik Wallenda high-wire walk over the Horseshoe Falls on June 15, did much to encourage future visitation and renewed interest in Niagara Parks.

In the month of February, the Commission granted one-time permission to Nik Wallenda to walk over the Falls in recognition of the role that daredevil performances and stunting have played in the rich history and promotion of Niagara Falls. Under the motion approved by the Commission, examination of a proposal submitted by a stunting professional will be considered no more than once in a generation, or approximately every 20 years, as a way to pay tribute to the history of stunting in Niagara. This was a high profile matter for the NPC as media from around the world reported on the Commission's deliberations.

The Wallenda walk drew over 100,000 spectators to NPC's Queen Victoria Park. Televised worldwide, the event was a signature moment for NPC, providing an estimated $46 million in public relations value to the Commission. According to published media accounts, U.S. broadcaster ABC's overnight ratings of the walk were tremendous, with the three-hour show averaging 10.1 million viewers, with 13.1 million Americans tuning in to view the conclusion of the walk between 10:30 and 11 p.m. For ABC, it was the highest ratings the network had achieved on a Friday night in nearly five years.

In Canada, the television broadcast attracted 6.9 million viewers on the CTV network. At 10:41 p.m., as Wallenda neared the end of his tightrope walk, CTV reported it was the most-watched non-sports summer special ever shown on Canadian television. This coverage focused 100% on the image of Mr. Wallenda walking across the Falls, meeting NPC's expectation that the natural beauty of the Falls would be highlighted. This exposure represented valuable marketing and public relations value to the Commission and all that it does on behalf of all Ontarians.

As the summer came to a close, NPC and the City of Niagara Falls launched the operation of the newly-integrated WEGO visitor transportation system. The new WEGO operations have allowed NPC to replace its aging and non-accessible Peoplemover buses which began operating in 1985. WEGO provides a seamless connection between tourist areas in the City of Niagara Falls and the attractions and sites of NPC.

NPC also commenced work on a $7 million provincially-funded infrastructure project to replace its existing Falls Incline Railway with a more modern, year-round and accessible system to provide service between Niagara Parks and the Fallsview tourism district.

Building on the success of NPC's existing Tim Hortons franchise located at the Table Rock Welcome Centre, NPC in-

vested in a new kiosk location at Queen Victoria Place which opened to the public in October 2012. This new development responds to the growing customer demand for additional quick serve choices from brand name outlets that visitors have come to know throughout the years.

The 2012 summer season also allowed NPC to reap the dividends of the tremendous infrastructure investments made in its heritage portfolio. In 2011, combined infrastructure funding of $8.94 million from the Federal and Provincial Governments was secured to rehabilitate three of NPC's important heritage sites: Laura Secord Homestead, Old Fort Erie and McFarland House. These new facilities were at the forefront of NPC's efforts in 2012 to promote and capitalize on the interest that the bicentennial commemorations of the War of 1812 brought to Niagara Parks.

Niagara Parks takes tremendous pride in its stewardship role. Since 1895, NPC has been responsible for heritage sites and properties located within the park system. It was in that year NPC agreed to assume control over and purchased the lands required to maintain and preserve Queenston Heights, the site of a decisive battle of the War of 1812. Queenston Heights is the final resting place to General Sir Isaac Brock and home to the historically significant monument that bears his name.

In recognition of the 200th anniversary of this battle, on October 13, 2012, NPC was proud to host a battle re-enactment and special commemorative service on the Heights. Over 15,000 people visited that day to experience history brought to life. Over 1,000 re-enactors took part in the day-long event and battle. NPC was pleased to be joined by the Lieutenant Governor of Ontario, The Honourable David C. Onley, to pay tribute to the memory of all those who fought in battle two centuries ago.

New investments and new events did much to improve the financial performance of the Commission in 2012. Overall revenues generated by NPC in 2012 increased for the first time in several years, and was assisted by factors such as an early opening of the boat tour operations. The launch of the boat tour is considered the unofficial start of the Spring visitation season and, in 2012, this launch took place a full month earlier than in 2011.

Fireworks to commemorate the 200th Anniversary of the Battle of Queenston Heights. Photo credit: Baldini and Vandersluys

In terms of boat tour operations, 2012 marked the beginning of a new era for the Commission, when it selected Hornblower Canada Company as its new boat tour provider. The company is scheduled to begin operation in 2014. To assist NPC through the intensive procurement process required by this competition, the Ontario Government engaged external expertise, including a naval architect, a procurement advisor and an independent and impartial Fairness Commissioner, to ensure the evaluation and selection process was conducted in an open, fair and transparent manner. Niagara Parks looks forward to working with Hornblower and hopes to build on the successful legacy of an attraction that has provided visitors with life-long memories and experiences for over a century.

It is a pleasure to serve as Chair of The Niagara Parks Commission. My Board colleagues and the dedicated staff at NPC are to be congratulated for their efforts in helping to position Niagara Parks as the premier tourism destination in this region. The reinvestments we have made in Park infrastructure have not gone unnoticed, and it is a strong sense of pride in what Niagara Parks is and can be that will guide us as we strive to continually make improvements in all we have to offer.

To help guide our operation into the future, Niagara Parks was pleased to welcome John Lohuis as our new General Manager in 2012. John comes to Niagara Parks with an extensive parks background, having previously served as the Director of Recreation and Parks with the City of Mississauga. His strong background in all areas of parks management and development is an excellent fit for NPC and his proven, disciplined approach to meeting customer needs will help us to achieve the goals we have set.

Over the last year, we have also been assisted by several members of the Ontario Public Service who were appointed by the Province as Commissioners to help develop and oversee the new course we have charted. I want to thank each and every one of them for their guidance, passion and belief in what Niagara Parks represents. The entire Board's confidence in the institution has been reflected in the positive results we have attained. To our dedicated staff, thank you for making Niagara Parks such a wonderful destination and place of wonder for world travellers.

For many, a lasting impression of Canada is experienced right here in Niagara, Ontario and at Niagara Parks.

Janice Thomson

Janice Thomson, Chair
The Niagara Parks Commission

2012
Economic Performance

Minister of Tourism, Culture and Sport, Michael Chan, speaks to staff

Excellent weather conditions, impactful events, and a rebound in the world-wide economy have done much to promote greater visitation and enhance the overall economic fortunes of the tourism industry in Niagara and within Niagara Parks in 2012.

American visitation to Ontario experienced an upswing in 2012 as U.S travellers returned to the province and Niagara Parks. According to statistics provided by the Ontario Ministry of Tourism, Culture and Sport, U.S. visitation to Ontario rose by 2% in 2012, with over 11.5 million Americans crossing the border into Ontario. While not a dramatic increase, this encouraging sign represents the third straight year of modest growth in what is seen as an upswing in U.S. visits to Ontario.

Domestic visitation to NPC is made up primarily of visits from the Greater Toronto Area (GTA), which have helped pace the financial recovery that occurred in 2012. The continued strength of the Canadian dollar did pose a challenge, however, as Canadian visitation to the U.S. and overseas destinations continued to show strength with growth rates of 3.4% and 5.2% respectively in 2012.

The growth of overseas visitation to Ontario continues to be a bright spot, as international visitation rose by 3.8% in 2012; a reflection of the continued impressive growth being experienced in new and emerging markets such as China and South America, as well as a rebound in visits from traditional markets which had previously declined, such as Mexico and Japan.

The positive influence of this growth in visitation has had a strong impact on NPC's revenues. In 2012, total revenues reached almost $77 million, an increase of $3.3 million, or 4.6% ahead of budgeted revenues. NPC's deficit from operations was $3.3 million, $1.4 million lower than budgeted. After including a reduction of $638,000 in obligations to stabilize three vacant power plants located on its property, as well as capital revenue from the sale of land in Fort Erie, NPC's 2012 annual deficit was recorded as $3.8 million.

During the 2012 fiscal year, NPC revenues exceeded both budget and 2011 actual results every month and holiday weekend of the year. This held true for all commercial activities, with the exception of NPC's golf operations, which saw revenues decline by 1% in 2012 due to increased competition and price reductions in the local market. More competitive pricing and online strategies implemented later in the season, garnered an additional 4,300 golf rounds in 2012, thereby limiting the decline in revenues experienced during the season.

A steady increase in visitation, aided by favourable weather conditions, an early opening for the boat tour operations, as well as a planned rate increase, did much to raise revenues in 2012. Attendance at NPC attractions and heritage sites showed an increase of 3.6% or 115,874 visitors. Revenue from parking fees at NPC's Falls Parking Lot increased by 17%, and ridership on the Falls Incline Railway increased by 8.4%.

In 2012, NPC had a total workforce of 1,628 employees, with 1,363 being seasonal workers and 265 being full time staff (FTE of 820 employees). Approximately 46% of NPC's wage costs are attributed to seasonal workers and the balance of 54% is for full-time payroll. In 2012, wage related costs rose by $2.2 million, or 5.7%, to $41.6 million. It should be noted that approximately 72% ($1.6 million) of the increase in 2012 was in seasonal salaries and benefits, most of which was necessary to support the increase in sales volumes. Wages and benefits represent 58.2% of NPC's annual operating costs.

NPC continues to follow the compensation restraint measures introduced by the Province in 2010, which has frozen non-union wage rates for two years. However, some of NPC's collective agreements were approved prior to the restraint so union wage rates increased by 1.5% in 2012 and will increase by a similar amount in 2013.

With respect to other operating expenditures, most departments met budgeted targets with the following exceptions: NPC's engineering expenses were below budget by $367,000, due to reduced winter requirements and lower than expected utility expenses from a mild winter, while marketing costs were reduced due to staffing vacancies not being filled during the fiscal year.

Scheduled principal payments of $1.3 million on NPC's long term debt were made this season, reducing the Commission's outstanding debt to approximately $33.7 million at the end of the fiscal year. Interest payments of approximately $1.8 million contributed to the deficit from operations.

During 2012, the NPC received approval for funding of up to $7 million from the provincial government to refurbish the Falls Incline Railway to improve its accessibility to all visitors. A portion of the funding was received in 2012, which allowed the project to proceed without disrupting the service level for NPC visitors. The project is scheduled to be completed for the 2013 season.

As well, as part of NPC's agreement with the City of Niagara Falls on the new WEGO visitor transportation system, federal and provincial infrastructure funding was made available to the Commission to begin needed rehabilitation work on the Canadian Niagara Power Bridge. This project was started in 2012 and is scheduled to be completed in the spring 2013.

200th Anniversary of the
Battle of Queenston Heights

2012 Fast Facts

- Overall revenues attained by NPC in 2012 reached $77 million, an increase of approximately $7.6 million over the 2011 season.

- In terms of operational divisions, NPC's retail facilities realized an 8.2% increase in revenues for the year, while food and beverage operations grew by 8%. NPC attraction earnings also rose 16.3% for the year, due in part to a planned rate increase and growth in visitation of over 153,000 guests at its attraction sites.

- Operating expenses for the fiscal year were $60.4 million, including $13.7 million to maintain the magnificent gardens, roadways and other significant infrastructure of the parklands which are enjoyed by visitors and local residents.

- Despite increased revenues, higher operating costs offset some of the revenue gains made in 2012, however NPC did realize an improvement in its budgeted net loss to $3.8 million.

- Overall attendance at NPC increased by 5% in 2012, as an additional 212,925 visitors enjoyed the various attractions, sites, golf courses and transportation options available to them.

- In-park sales of NPC's Niagara Falls Adventure Pass increased by over 71,000 units in 2012, or 27.7% when compared to the 2011 season. Online sales of the popular pass also increased by over 9,000 units, or 35.5% in 2012.

- Total WEGO ridership (number of trips taken by pass holders) within the integrated intercity system launched in August in 2012 reached 433,243 passenger trips by the end of NPC's fiscal year in October 2012. Of this total, Niagara Parks' Green Line route accounted for 127,285 trips, or 29.4% of the overall ridership.

- Heightened interest in the promotion of the Bicentennial of the War of 1812 generated increased visitation to NPC's heritage sites in 2012. The newly-renovated Old Fort Erie, Laura Secord Homestead and McFarland House helped NPC to attract over 30,000 guests to its heritage sites to learn more about the unique history of this region and important role played by its residents 200 years ago.

- In 2012, NPC employed 1,628 staff, circulating $36 million back in payroll into the economy of the Niagara Region.

- In 2012, NPC submitted over $6.1 million to the government in HST.

Journey Behind the Falls Attraction

Year in Review **2012**

NOVEMBER 2011

6th Annual Niagara Parks Apprentice Cooks & Chefs Showcase Dinner

NPC hosted one of the largest culinary apprentice programs in Ontario. This memorable event took place at Queenston Heights Restaurant, where one talented apprentice is recognized with a scholarship cheque for $1,000, along with a professional knife set donated by the Canadian Food and Wine Institute at Niagara College.

Remembrance Day

On Remembrance Day, all flags on NPC's properties were flown at half-mast from sunrise to sunset. Officers of the Niagara Parks Police Service participated in services in Niagara Falls, Chippawa and Queenston by laying wreaths at the base of memorials in each community. As an additional gesture to honour those who served our country, Niagara Falls was also lit by red floodlights periodically throughout the evening by the Niagara Falls Illumination Board.

Janice Thomson Appointed Chair

The Ontario Government appointed Janice Thomson as Chair of The Niagara Parks Commission Board on November 16, 2011. First appointed to the Commission on June 15, 2010, Ms. Thomson had served as Interim Chair since June 30, 2011.

NOVEMBER 2011

Peace Bridge Authority Plaque Unveiling at Old Fort Erie

A special plaque unveiling ceremony was held to recognize the Buffalo and Fort Erie Public Bridge Authority's important contribution to the establishment of interpretive displays inside the new Visitor Centre at Old Fort Erie.

DECEMBER 2011

NPC Announces Purchase of Cullen Miniature Village from the City of Oshawa

The beloved miniature village, comprised of 182 separate items was purchased by NPC with the intention of refurbishing several of the well-loved pieces for public display at NPC sites.

Winter Wonderland in Niagara Parks

A Victorian style Christmas was the theme as Queen Victoria Park (QVP) and Table Rock were transformed into a Winter Wonderland, featuring a vintage carousel overlooking the Falls and glistening displays of seasonal décor.

JANUARY

New Year's Day Open House at Whirlpool Golf Course

Whirlpool Golf Course opened its doors on New Year's Day and invited golfers and their families to enjoy its award-winning chili, hot chocolate and a few holes of golf on its signature Stanley Thompson designed course.

Project Tree-Cycle

Niagara-area residents were invited to spend the day at the Niagara Parks Botanical Gardens and School of Horticulture as part of NPC's annual Project Tree-Cycle event. Wood chip mulch from recycled Christmas trees was free for the taking as visitors explored the beauty of Niagara Parks Butterfly Conservatory, or enjoyed a leisurely winter walk on the grounds of the Botanical Gardens.

FEBRUARY

Animals of the Rainforest Exhibit Opens at the Butterfly Conservatory

Over a four-month period, the Niagara Parks Butterfly Conservatory played host to some of the world's most exotic animals, during this fun family exhibit. Working in partnership with Ottawa-based Little Ray's Reptile Zoo, the exhibit included two marmosets, which gave birth to twins during their stay at the Conservatory, a Brazilian Short Tailed Opossum, an Emerald Tree Boa, a Jungle Carpet Python, a Red Footed Tortoise, Emperor Scorpions, a Cuviers Dwarf Caiman, a Panther Chameleon, a White's Tree Frog and a Reticulated Python.

Cullen Miniature Village display at the Niagara Parks Floral Showhouse

FEBRUARY

NPC Announces New Boat Tour Service Operator

At a news conference held on February 22, NPC Chair Janice Thomson announced that NPC had entered into a 30-year lease agreement with Hornblower Canada Company to provide boat tour operations in the lower Niagara River. Hornblower Canada, which will begin operations in 2014, was elected following a competitive procurement process. According to this agreement, Hornblower Canada will invest in tour boats, make site and service improvements and generate additional revenue for NPC. As Chair Thomson said, "This is a great day for The Niagara Parks Commission and a great day for the tourism industry in Niagara and across Ontario...It not only marks the beginning of a new era for all of us, but it continues to build on what Niagara and Niagara Parks is all about, building memories and creating experiences that will last a lifetime."

Lt. Governor of Ontario, David Onley, speaks at the 200th Anniversary Battle of Queenston Heights

MARCH

Graduation Ceremony at NPC's School of Horticulture

On March 31, NPC and all those associated with its School of Horticulture paid tribute to its graduating class of 2012.

L to R: Christopher Bemke, MaryAnne Davies, Cindy Maxwell, Dylan Muileboom, Garett Van Santen, Kasia Zgurzynski, Jaclyn Van der Heyden, Laura McCaul, Telesphore Marie, Justin Clarke, Jordan Albers

APRIL

Chef's Showcase Challenge at Elements on the Falls Restaurant

Local chefs and wineries gathered at Table Rock's Elements on the Falls and Grand Hall to showcase Niagara's bountiful offerings and helped raise funds for the It's Our Time campaign in support of the Greater Niagara General Hospital Foundation and the region's new Walker Family Cancer Centre.

APRIL

Robert Bateman's "Get to Know" Contest Launch at the Butterfly Conservatory

Local school children took part in activities at the Butterfly Conservatory to learn about biodiversity during the nation-wide launch of Canadian naturalist and painter Robert Bateman's "Get to Know" writing and arts contest.

MAY

World's Tallest Flower Bloom at NPC's Floral Showhouse

The Amorphophallus titanum, or Titan Arum, is a massive bell-shaped flower that grows up to three metres in height. This flower is exceedingly rare to see, and until 1989, only 21 flowerings had been recorded by botanical gardens worldwide. Two dormant corms (bulb-like structures) were donated to NPC by Louis M. Ricciardiello of Gilford, New Hampshire. NPC was fortunate to see both flowers bloom, which resulted in excellent media exposure world-wide and increased attendance at the venue.

JUNE

125th Anniversary of the Niagara Parks Police Service

The Niagara Parks Commission celebrated the 125th anniversary of its very own police service with a special commemorative ceremony and parade on June 3. One of the oldest police services in Ontario, the officers continue to maintain the peace, manage traffic in the Parks, and protect its patrons. The officers also enforce the regulations of the Niagara Parks Act, enacted by the Province of Ontario, to preserve and protect the Parks surrounding the Canadian Horseshoe Falls.

Ride to Conquer Cancer

This two-day cycling challenge, which drew almost 5,000 riders, included multiple start, finish and route choices between Toronto and the Niagara Parks. These riders helped raise over $18 million to support the efforts of Princess Margaret Hospital to find a cure for cancer.

Nik Wallenda Crosses Horseshoe Falls on a Highwire

In winter 2012, NPC approved a request from American high-wire aerialist Nik Wallenda to walk across the Niagara Gorge at Niagara Falls. The Commission granted one-time permission to Mr. Wallenda in recognition of the role that daredevil performances and stunting

JUNE

have played in the rich history and promotion of Niagara Falls. At the same time, the Commission made it clear that this was to be a unique once in a generation opportunity. The overall event and media attention garnered was an overall success for NPC and the destination, with billions of television viewers watching globally, and over 100,000 spectators witnessing the feat live within Queen Victoria Park that day.

Governor General commemorates the War of 1812 with visits to Niagara Parks

His Excellency the Right Honourable David Johnston, Governor General of Canada, attended the opening ceremonies of the Bicentennial of the War of 1812. The event was hosted by the Niagara 1812 Legacy Council on the historic grounds of Queenston Heights. His Excellency was joined by Ontario Minister of Tourism, Culture and Sport Michael Chan and NPC Chair Janice Thomson. His Excellency later visited the residence of Canadian heroine Laura Secord, before taking part in a 12-kilometre bicycle ride from the Laura Secord Homestead to Fort George, along NPC's Niagara River Recreation Trail.

Year in Review **2012**

JUNE

Breakfast Television Broadcasts Live from Oakes Garden Theatre

The popular Breakfast Television crew from Citytv broadcast their morning show live from Oakes Garden theatre on June 22nd. The show included entertaining performances by Craig Smart and Kreesha Turner. It was a beautiful morning and hundreds of local residents and visitors turned out to welcome the crew and join in the fun.

CN Canadian Women's Tour at Legends on the Niagara

Legends was pleased to have been selected to host one of the world's premier developmental tours, featuring many of Canada's top golf professionals, as well as amateurs, who were competing to gain entry into the second stage of the LPGA Qualifying School.

JULY

Battle of Chippawa Annual Memorial Service

NPC and the Chippawa Branch 396 of the Royal Canadian Legion honoured those who fought on the Chippawa Battlefield in 1814. Opening remarks delivered by NPC Chair Janice Thomson were followed by a special presentation by NPC historian Sherman Zavitz.

1st Annual Men's Open 'BASH FOR CASH' Golf Event at Legends on the Niagara

Legends welcomed the International Long Drive Association and Golf Digest Canada to this exciting event, which featured over 40 of the world's top long ball drivers, including 2012 Guinness World Record Holder Maurice Allen.

AUGUST

Annual Siege of Fort Erie Re-enactment Weekend

Canada's largest annual War of 1812 re-enactment weekend included Saturday evening lantern tours through the fort.

Legends on the Niagara Golf Course

The 10th anniversary of the opening of Legends on the Niagara Golf Complex was marked with a reception on August 17. Created in part to help preserve the War of 1812 Battle of Chippawa site, Legends has become one of Ontario's premier golf destinations. NPC Chair Janice Thomson was joined by Member of Provincial Parliament Kim Craitor and golf course architect Doug Carrick, the designer of the Legends' Battlefield course which is situated next to the historic War of 1812 battlefield site.

Official WEGO Launch

On August 23 NPC Chair Janice Thomson was joined by Ontario Minister of Tourism, Culture and Sport Michael Chan, the Honourable Rob Nicholson, Member of Parliament for Niagara Falls and Mayor Jim Diodati of the City of Niagara Falls, to launch Niagara Falls' new fully integrated visitor transportation system. Popularly known as WEGO, this project was made possible through a joint $50 million infrastructure investment by the provincial and federal governments.

SEPTEMBER

End of Summer BBQ at Queenston Heights Restaurant

This popular gourmet BBQ on the patio of the Queenston Heights restaurant at the foot of Brock's Monument, has become a favourite among locals, featuring the best of Niagara's harvest and VQA wines.

Royal Visit to Queenston Heights Park

NPC hosted a visit of Her Royal Highness, The Countess of Wessex, who in her ceremonial role as Colonel-in-Chief of the Lincoln and Welland Regiment presented new regimental colours at a public parade on the morning of September 15. The Lincoln and Welland Regiment has a proud record of service to Niagara and Canada and can trace its history to the defence of Canada during the War of 1812.

Legacy Tribute Garden Ground Breaking Ceremony at the Botanical Gardens

On September 15, NPC Chair Janice Thomson participated in the ceremonial ground breaking for the creation of the Legacy Tribute Garden within the Botanical Gardens. In 2011 the Niagara Parks Commission School of Horticulture and the Ontario Parks Association both celebrated their 75th anniversaries.

Through the hard work and efforts of School Alumni and Association members, this new garden will commemorate the significant contributions of NPC's graduates and members of the Ontario Parks Association.

Nik Wallenda's historic wire walk over the Horseshoe Falls
Photo credit: Baldini and Vandersluys

OCTOBER

200th Anniversary of the Battle of Queenston Heights Re-enactment and Ceremony

On October 13, NPC hosted the bicentennial commemoration of the Battle of Queenston Heights. Over 1,000 re-enactors and volunteers created a memorable weekend that saw upwards of 15,000 visitors attend. Events included a military march from Fort George to Queenston Heights, a major battle re-enactment, battlefield tours, educational programming, fireworks, and a commemorative service. Joining NPC Chair Janice Thomson at the commemorative service were His Honour, Lieutenant Governor of Ontario David Onley, Ontario Minister of Tourism, Culture and Sport Michael Chan; the Honourable Rob Nicholson, Member of Parliament for Niagara Falls; and Kim Craitor, Member of Provincial Parliament for Niagara Falls.

Niagara Parks takes great pride in managing national heritage treasures such as Queenston Heights that contribute to Canadians' and international visitors' better understanding of Canada's rich history and the contributions made by figures such as Sir Isaac Brock and Laura Secord to the development of Niagara and this nation.

Niagara Falls International Marathon

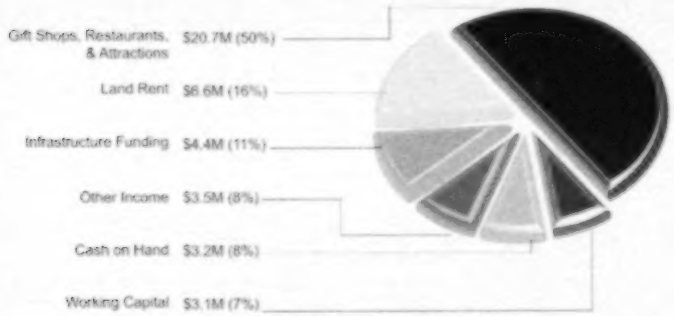
On October 21, Niagara Parks was pleased to once again host the only marathon in the world that starts in one country and finishes in another.

His Excellency the Right Honourable Governor General of Canada, David Johnston, tours Laura Secord Homestead

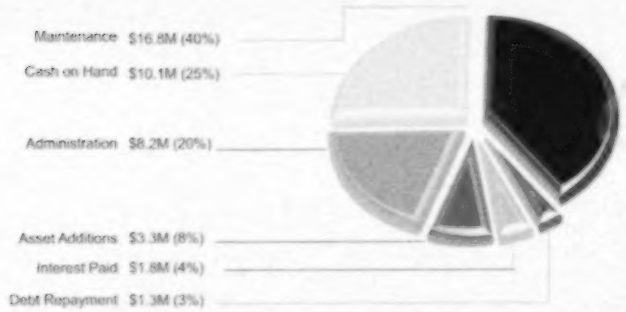
Photo credit: Sgt Ronald Duchesne, Rideau Hall © Office of the Secretary to the Governor General of Canada (2012)

Business Climate 2012

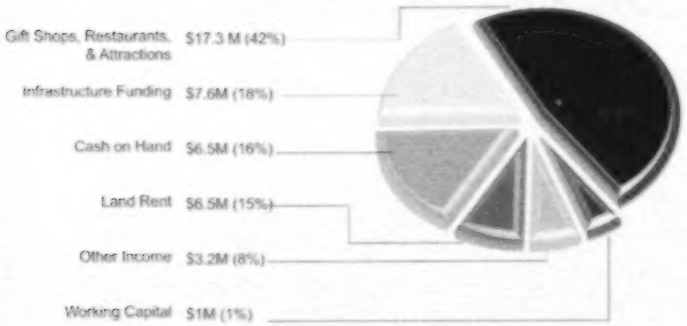
Where Commission Dollars Came From 2012 ($Million)


Gift Shops, Restaurants, & Attractions $20.7M (50%)
Land Rent $6.6M (16%)
Infrastructure Funding $4.4M (11%)
Other Income $3.5M (8%)
Cash on Hand $3.2M (8%)
Working Capital $3.1M (7%)

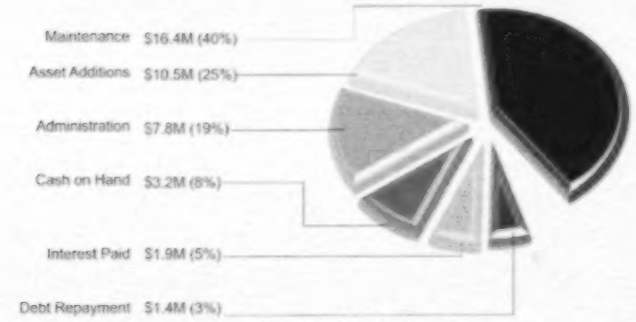
Where Commission Dollars Went 2012 ($Million)



Where Commission Dollars Came From 2011 ($Million)


Gift Shops, Restaurants, & Attractions $17.3 M (42%)
Infrastructure Funding $7.6M (18%)
Cash on Hand $6.5M (16%)
Land Rent $6.5M (15%)
Other Income $3.2M (8%)
Working Capital $1M (1%)

Where Commission Dollars Went 2011 ($Million)



Comparative Performance Gift Shops, Restaurants, and Attractions ($'000)

	2012	% of Sales	2011	% of Sales
Income	$67,283	100	$60,341	100
Cost of Goods Sold	11,112	17	9,917	16
Gross Profit	$56,171	83	$50,424	84
Operating Expenditures	35,493	53	33,213	55
Net Income Before Administrative Overhead and Depreciation	$20,678	30	$17,211	29

NPC Attendance **2012**

125th Anniversary
Niagara Parks Police Service,
Ceremonial Honour Guard

	2012	2011	Increase or (Decrease)
Paid Attractions			
Maid of the Mist Elevator	1,588,639	1,536,503	52,136
Journey Behind the Falls	738,862	730,409	8,453
Butterfly Conservatory	291,940	287,840	4,100
Whirlpool Aero Car	92,822	101,894	(9,072)
White Water Walk	199,443	195,282	4,161
Sir Adam Beck	16,013	13,636	2,377
Niagara's Fury	317,106	292,818	24,288
* Floral Showhouse	18,687		18,687
Total	**3,263,512**	**3,158,382**	**105,130**
Golf			
Oak Hall Par 3 Golf Course	2,806	2,156	650
Whirlpool Golf Course	27,258	22,873	4,385
Legends on the Niagara	39,179	39,913	(734)
Total	**69,243**	**64,942**	**4,301**
Historic Sites			
Old Fort Erie	18,042	12,588	5,454
Laura Secord Homestead	6,252	4,265	2,039
Mackenzie Printery	2,809	2,212	597
McFarland House	3,410	704	2,654
Total	**30,513**	**19,769**	**10,744**
Transportation			
Peoplemovers	344,397	448,843	(104,446)
**WEGO Transportation Service	127,285		127,285
Falls Incline Railway	614,898	544,987	46,063
Total	**1,086,580**	**993,830**	**92,750**
TOTAL	**4,449,848**	**4,236,923**	**212,925**

* Beginning in March 2012, NPC instituted paid admission to NPC's Floral Showhouse

** WEGO passenger trips on NPC Green Line, were initiated in August of 2012, and now replace NPC's Peoplemover service.

THE NIAGARA PARKS COMMISSION MANAGEMENT REPORT
October 31, 2012

The Management of The Niagara Parks Commission are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of The Niagara Parks Commission is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board, through the Audit and Finance Committee, meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Committee reviews the financial statements before recommending approval by the Board.

The financial statements have been audited by Grant Thornton LLP, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Tourism, Culture and Sport and the Provincial Auditor General. Grant Thornton LLP had direct and full access to all Commission records as well as full access to the Audit and Finance Committee with and without the presence of management to discuss their audit and findings as to the integrity of the Commission's financial reporting.

John Lohuis
General Manager
February 22, 2013

Margaret Neubauer, Director
(A) Senior Director,
Corporate Services
February 22, 2013

AUDITORS' REPORT
To The Niagara Parks Commission, the Minister of Tourism, Culture and Sport and the Auditor General

We have audited the accompanying financial statements of The Niagara Parks Commission, which comprise the statement of financial position as at October 31, 2012 and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 2 to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Niagara Parks Commission as at October 31, 2012, and the results of its operations, changes in net debt and cash flows for the years then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

Basis of accounting
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that basis of accounting. The financial statements are prepared to assist The Niagara Parks Commission to comply with the financial reporting provisions in the Province of Ontario Ministry of Tourism Memorandum of Understanding and Regulation 395/11 to the Ontario Financial Administration Act. As a result, the financial statements may not be suitable for another purpose.

Port Colborne, Ontario
February 12,2013

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

as at October 31, 2012
(in thousands of dollars)

As at October 31 (in thousands of dollars)	2012	2011
Financial assets		
Cash and cash equivalents	$ 10,110	$ 3,178
Accounts receivable	1,904	3,805
Inventories – saleable	3,583	4,177
	15,597	11,160
Liabilities		
Accounts payable	6,319	6,015
Accrued payroll	2,440	2,383
Deferred revenue (Note 3)	1,396	1,571
Deferred capital funding (Note 4)	12,887	8,902
Long term financing (Note 5)	33,676	34,956
Post-employment benefits (Note 6)	3,933	3,869
Power Plant stabilization obligation (Note 7)	27,497	26,859
	88,148	84,555
Net debt	(72,551)	(73,395)
Non-financial assets		
Tangible capital assets (Note 8 and Page 19)	149,349	153,578
Inventories – other	1,071	1,595
Prepaid expenses	267	155
	150,687	155,328
Accumulated surplus (Note 9)	$ 78,136	$ 81,933

Commitments and contingencies (Notes 11 and 12)

Janice Thomson
Chair

Commissioner

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS

for the year ending October 31, 2012
(in thousands of dollars)

	Budget 2012	Actual 2012	Actual 2011
Revenues			
Revenue producing operations	$ 64,234	$ 67,283	$ 60,341
Land rent	6,557	6,629	6,461
Commission, rentals and fees	2,612	2,756	2,565
Premium on United States funds – net	150	29	(132)
Gain on disposal of tangible capital assets		2	11
Sundry revenue	92	299	167
	73,645	76,998	69,413
Expenses (Page 20)			
Revenue producing operations			
Cost of goods sold	10,016	11,112	9,917
Operating	31,378	31,949	29,864
Maintenance	14,017	13,736	13,549
Administrative and police	10,028	11,157	10,698
Marketing and promotion	4,156	3,544	3,349
	69,595	71,498	67,377
Net surplus for the year before undernoted items	4,050	5,500	2,036
Other items			
Interest expense – net (Note 13)	1,784	1,769	1,864
Amortization of tangible capital assets (Note 14)	7,398	7,459	7,283
Amortization of deferred capital funding (Note 4)	(447)	(449)	(37)
	8,735	8,779	9,110
Net deficit from operations	(4,685)	(3,279)	(7,074)
Net increase in Power Plant stabilization obligation (Note 7)	(650)	(638)	(132)
Other capital funding		120	536
Annual deficit	(5,335)	(3,797)	(6,670)
Accumulated surplus			
Beginning of year	81,933	81,933	88,603
End of year	$ 76,598	$ 78,136	$ 81,933

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET DEBT

for the year ending October 31, 2012

(in thousands of dollars)

	2012	2011
Annual deficit	$ (3,797)	$ (6,670)
Amortization of tangible capital assets	7,459	7,283
Acquisition of tangible capital assets (Note 16)	(3,302)	(10,491)
Proceeds from the sale of tangible capital assets	74	11
Gain on sale of tangible capital assets - net	(2)	(11)
	432	(9,878)
Use (acquisition) of prepaid expenses	(112)	332
Use (acquisition) of other inventories	524	(169)
Decrease (increase) in net debt	844	(9,715)
Net debt		
Beginning of year	(73,395)	(63,680)
End of year	$ (72,551)	$ (73,395)

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

for the year ending October 31, 2012
(in thousands of dollars)

	2012	2011
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual deficit	$ (3,797)	$ (6,670)
Charges against income not requiring an outlay of funds		
Post-employment benefits	390	372
Amortization of tangible capital assets	7,459	7,283
Amortization of deferred capital funding	(449)	(37)
Gain on disposal of tangible capital assets – net	(2)	(11)
Increase in Power Plant stabilization obligation – net	638	132
	4,239	1,069
Net change in non-cash working capital balances related to operations (Note 15)	3,093	149
	7,332	1,218
Capital activities		
Acquisition of tangible capital assets (Note 16)	(3,302)	(10,491)
Proceeds from the sale of tangible capital assets	74	11
	(3,228)	(10,480)
Financing activities		
Net decrease in long term financing	(1,280)	(1,390)
Cash outlay related to post-employment benefits	(326)	(262)
Receipt of capital funding	4,434	7,590
	2,828	5,938
Net increase (decrease) in cash and cash equivalents	6,932	(3,324)
Cash and cash equivalents		
Beginning of year	3,178	6,502
End of year	$ 10,110	$ 3,178

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ending October 31, 2012

1. Nature of operations

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,300 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporation Tax Act.

The Commission is also classified as an Other Government Organization by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

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2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with the financial reporting provisions in the Province of Ontario Ministry of Tourism Memorandum of Understanding and the Regulation 395/11 to the Ontario Financial Administration Act. The significant accounting principles used in the preparation of these financial statements are in line with the accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and Regulation 395/11 to the Ontario Financial Administration Act.

The significant accounting principles used in the preparation of these financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of less than three months.

Inventories

Saleable and other inventories are valued at the lower of average cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Commission capitalizes an amount of interest as part of the costs of its capital works in progress and financed via long term financing.

Works of art for display in the Commission property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. No valuation of the collection has been disclosed in the financial statements.
Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations. Amortization is charged on a monthly basis. Capital works in progress are not amortized until the asset is available for productive use.

Classification	Useful Life
Buildings, roadways and structures	7 to 40 years
Equipment and furnishings	3 to 10 years
Vehicles	10 to 12 years

2. Significant accounting policies (continued)

Deferred revenue

Revenue that is restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

Deferred capital funding

Government transfers for capital purposes are recorded as a liability, referred to as deferred capital funding and are recognized into revenue at the same rate as the related tangible capital assets are amortized, in accordance with Regulation 395/11 to the Ontario Financial Administration Act, as disclosed above.

Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements.

Revenue recognition

Revenue from gift shops, restaurants and attractions are recognized when merchandise has been transferred to the customer or services have been rendered. Revenue from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the statement of financial position date. Gains and losses on translation are reflected in the annual surplus/deficit.

Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which estimates are used are with regards to post-employment benefits (Note 6) and the Power Plant stabilization obligation (Note 7).

3. Deferred revenue

	2012	2011
	(in thousands of dollars)	
Defunct power stations (Note 7)	$ 215	$ 226
Sale proceeds related to Fort Erie land transaction	548	669
Other	633	676
	$ 1,396	$ 1,571

Fort Erie land transaction obligation

In fiscal 2009, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for $ 2,021,206. The Commission acquired an option for $ 670,000 plus an annual sum of $ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of $ 1,351,206 to be spent on a) funding improvements at Old Fort Erie which are intended for the 200th year anniversary of the War of 1812 and b) returning and/or maintaining the Jarvis Street property as parkland.

The net proceeds were recorded as part of deferred revenue on the statement of financial position. To date approximately $ 756,000 from these proceeds have been spent on the capital works project for the renovation of Historic Fort Erie and approximately $ 47,000 has been spent on the Jarvis Street property maintenance. As of October 31, 2012, approximately $ 548,000 remains for use in 2013 and beyond.

4. Deferred capital funding

The Commission secured stimulus grant funding to renovate its heritage sites in the amount of $ 8,939,056 and as of October 31, 2011 all funds were utilized and the projects were complete. In 2012 the Commission received $ 4,000,000 in capital funding to renovate the Falls Incline Railway in order to make it more accessible to visitors. The Falls Incline Railway capital project was in progress as of October 31, 2012. The Commission entered into a capital funding agreement with the City of Niagara Falls to rehabilitate a bridge located on the Parkway that was in a state of disrepair and was also in progress as of October 31, 2012. There was also some additional funding received from the Province to complete some smaller capital works projects in 2012.

	2012	2011
	(in thousands of dollars)	
Deferred capital funding		
Beginning of year	$ 8,902	$ 1,349
Received during year	4,434	7,590
Amortization	(449)	(37)
End of year	$ 12,887	$ 8,902

5. Long term financing

	2012	2011
	(in thousands of dollars)	
Unsecured fixed rate term loan requiring blended payments of principal and interest of $ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	$ 27,364	$ 28,561
Unsecured fixed rate term loan requiring blended first annual payment of $ 543,418 and then payments of $ 569,965 per annum thereafter, bearing interest at 5.07% through to April, 2027	6,019	6,271
Unsecured note payable requiring blended payments of principal and interest of $ 7,797 per month, bearing interest at 6% through to November, 2014	176	-
The Commission has an option to purchase land requiring annual payments of $ 7,300 until January, 2028 (Note 3)	117	124
	$ 33,676	$ 34,956

The principal payments of the long term financial obligations due in the next five fiscal periods are as follows:

2013	$ 1,609
2014	1,694
2015	1,695
2016	1,772
2017	1,861

6. Post-employment benefits

Defined termination benefits

The Commission provides a defined employee future benefit, payable on termination to certain full time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full time service provided to the Commission to a maximum of twenty-six weeks. The accrued benefit liability as at October 31, 2012 is $ 3,933,356 (2011 - $ 3,869,482).

The Commission requires that an actuarial valuation of the post-employment benefits be conducted every three years. The last valuation was completed for the year ending October 31, 2010.

As a result of an actuarial valuation conducted in 2010 for the year ending October 31, 2010, it was determined that an actuarial gain of $ 140,884 existed. The actual obligation as at October 31, 2012 is $ 3,792,472 (2011 - $ 3,728,598). Since the actuarial gain is less than 10% of the actual obligation, no minimum amortization has been recorded for the year.

6. Post-employment benefits (continued)

Defined benefit plan information

	2012	2011
	(in thousands of dollars)	
Employee benefit plan assets	$ Nil	$ Nil
Employee benefit plan liabilities	3,933	3,869
Employee benefit plan deficit	$ 3,933	$ 3,869

Benefit obligation recognized on the statement of financial position

Benefit obligation, beginning of year	$ 3,869	$ 3,759
Expense for the year	390	372
Benefits paid during the year	(326)	(262)
Benefit obligation, end of year	$ 3,933	$ 3,869

The net benefit expense is as follows:

Current service cost	$ 207	$ 193
Interest cost	183	179
	$ 390	$ 372

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:

Interest (discount) rate – the accrued obligation and the expense for the year were determined using a discount rate of 5%.
Salary levels – future salary and wage levels were assumed to increase at 3% per annum.

These assumptions will be reviewed with the next actuarial valuation in fiscal 2013.

Pension benefits

The Commission provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of $ 2,018,061 (2011 - $ 1,784,726), of which $ 1,009,030 (2011 - $ 892,363) represents the employees' portion, are included in the administrative and police expense on the statement of operations.

The cost of post-employment, non-pension benefits are paid by the Province and therefore are not included in the statement of operations.

7. Power Plant stabilization obligation

The Province of Ontario directed the Commission to accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Canadian Niagara Power Generating Station ("CNPGS") previously owned by Fortis Ontario was transferred April 30, 2009.

The Ministry of Tourism engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive governing the initial transfer was complied with and to identify work and related costs required to "stabilize and mothball" all the facilities until an ultimate use for the buildings can be determined. The Ventin Group identified the remaining lead paint at the TPGS and OPGS as a deficiency which OPG should have resealed or encapsulated after cleaning. The Ventin Group reported that there are substantial costs required to bring the three power stations to what would be considered a "mothball" state. Therefore, additional costs would be required to bring these buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Directive that will result in additional remediation costs at some point in the future.

The Commission is of the belief that the acceptance of these Power Generating Stations will require a significant infusion of funds that is beyond its capacity to meet. As at October 31, 2012, ongoing negotiations with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

7. Power Plant stabilization obligation (continued)

An asset retirement obligation of $ 25,146,000 as of October 31, 2009 was calculated. This value represented the Commission's best estimate of the costs required to "stabilize and mothball" the three power stations based on the report received from the Ventin Group. The report also identified contingency costs of approximately $ 3,600,000 which was not accrued in the asset retirement obligation at that time. The Commission estimates that this work could take approximately three to four years to complete. In order to determine the net present value of the asset retirement obligation, staff have estimated that, subject to financing being received from the Province, work will not commence for several years. It is estimated that the work may commence in 2016. The cost of capital and the rate of inflation estimated over the course of the calculation was 5.059% and 3%, respectively. This results in a net present value of $ 22,582,729 as at October 31, 2012. This is an increase of $ 455,598 from 2011 and has been recorded in the statement of operations.

Two additional studies were completed during the year ended October 31, 2010 which identified an additional liability involved with the "stabilization and mothball" process. The first report known as the Hatch group study identified an additional $ 6,305,000 for external/infrastructure work that is required. The second study was completed by the Quartek group which identified an additional $ 1,260,000 related to additional costs to stabilize the roofs of the buildings. Together these two reports equal an increase of $ 7,565,000. As previously mentioned it is estimated this work will not commence until 2016 and correspondingly another calculation for the net present value of this additional liability was performed using a cost of capital of 5.059% and inflation rate of 2% respectively. This results in net present value of $ 6,541,772 as at October 31, 2012 for this portion of the liability. This is an increase of $ 194,173 from 2011 and has also been recorded in the statement of operations.

	2011	2010
	(in thousands of dollars)	
Power Plant stabilization obligation		
Beginning of year	**$ 26,859**	$ 26,727
Current year increase in present value of original obligation	**650**	635
Actual work performed during year	**(12)**	(503)
Net increase in Power Plant stabilization obligation	**638**	132
End of year	**$ 27,497**	$ 26,859

A capital asset has not been recorded for these properties as there is an impairment in their value, which has been documented in the various studies carried out to date.

As at October 31, 2009, the Commission had received $ 1,550,000 in funding from the Ministry of Tourism to assist in the "stabilizing and mothball" process. Approximately $ 215,000 of this funding remains for use in 2013 and beyond.

The Commission has incurred annual costs related to maintenance and security for all sites and has recorded them in the statement of operations and are included in the maintenance expense.

8. Tangible capital assets

			2012	2011
			(in thousands of dollars)	
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 14,359		**$ 14,359**	$ 14,359
Land improvements	17,135		**17,135**	17,135
Buildings, roadways and structures	203,239	$ 93,131	**110,108**	114,842
Equipment, furnishings and vehicles	49,347	43,460	**5,887**	6,677
	284,080	136,591	**147,489**	153,013
Capital works in progress	1,860		**1,860**	565
	$ 285,940	$ 136,591	**$ 149,349**	$ 153,578
Equipment under capital lease included above	$ 69	$ 35	**$ 34**	$ 41

9. Accumulated surplus

	2011	2010
	(in thousands of dollars)	
Operating surplus	$ 6,780	$ 2,941
Investment in tangible capital assets	136,462	144,676
Unfunded		
Long term debt	(33,676)	(34,956)
Post-employment benefits	(3,933)	(3,869)
Power Plant stabilization obligation	(27,497)	(26,859)
	(65,106)	(65,684)
Accumulated surplus	$ 78,136	$ 81,933

Surplus funds

Pursuant to Section 16(2) of the Niagara Parks Act, any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the consolidated revenue fund. As at October 31, 2012 no surplus moneys have been recorded as a liability to the Minister of Finance.

10. Credit facilities

The credit facilities, which have a maximum borrowing capacity of $ 15,000,000, provide for two types of loans. There is a variable rate option which varies with the Canadian Imperial Bank of Commerce prime rate and there is a fixed rate operating loan facility available with a maximum term not to exceed 364 days at rates which are set relative to banker's acceptance rates. These credit facilities are unsecured and expire on October 31, 2014. As at October 31, 2012, $ Nil has been drawn upon for all credit facilities (2011 – $ Nil).

11. Commitments

The Commission has committed to approximately $ 11,772,000 in capital works projects in the next year. The commitment involves the completion of the Falls Incline Railway (approximately $ 6,100,000) and Bridge rehabilitation (approximately $ 5,600,000).

The Commission has two agreements with a franchisor requiring the payment of service fees of 4% of gross sales and advertising and marketing fees of 2.5% of gross sales. The terms of the agreements are 10 years, expiring in 2016 and 2022. In addition, the Commission has an agreement to lease related equipment from the franchisor, at a rental fee ranging from 1% to 4% of gross sales depending on the level of sales. The Commission has the option to purchase said equipment for a price equal to the unamortized value.

The Commission leases vehicles, equipment and premises under operating leases expiring in 2018. The total obligation under operating leases amounts to approximately $ 435,000. The principal payments due in the next five fiscal periods are as follows:

2013	$ 224
2014	172
2015	12
2016	9
2017	9

12. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

13. Interest expense – net

	Budget 2012	Actual 2012	Actual 2011
		(in thousands of dollars)	
Interest revenue	$ (25)	$ (30)	$ (25)
Loan interest expense	1,809	1,799	1,889
	$ 1,784	$ 1,769	$ 1,864

14. Amortization of tangible capital assets

	Budget 2012	Actual 2012	Actual 2011
		(in thousands of dollars)	
Amortization of income producing assets	$ 4,201	$ 4,275	$ 4,031
Amortization of non-income producing assets	3,197	3,184	3,252
	$ 7,398	$ 7,459	$ 7,283

15. Statement of cash flows

	2012	2011
	(in thousands of dollars)	
Changes in working capital components include		
Accounts receivable	$ 1,901	$ (597)
Inventories	1,118	789
Accounts payable and accrued payroll	361	240
Deferred revenue	(175)	(615)
Prepaid expenses	(112)	332
	$ 3,093	$ 149
Interest received	$ 30	$ 25
Interest paid	1,799	$ 1,889

16. Acquisition of tangible capital assets

During the year, tangible capital assets were acquired at an aggregate cost of $ 3,302,000 (2011 - $ 10,491,000) of which $ 156,000 (2011 - $ Nil) was acquired by means of capital leases and other non-cash acquisitions. Cash payments of $ 3,146,000 (2011 - $ 10,491,000) were made to purchase tangible capital assets.

17. Financial instruments and risk management

Fair value

Fair value information with respect to long term financing has been omitted because it is not practicable to determine fair value with sufficient reliability.

The fair value of the post-employment termination benefit was determined using an actuarial valuation based on information presented in Note 6 to the financial statements.

Credit risk

The Commission is exposed to a credit risk by its customers. However, because of the large number of customers, credit risk concentration is reduced to a minimum.

Currency risk

The Commission has cash of $ 2,117,805 that is denominated in U.S. dollars. These funds have been converted to the Canadian equivalent at the rate of $ 1 U.S. equals $ 0.9993 Canadian. The Commission realizes approximately 13.9% (2011 – 14.4%) of its sales in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

Cash flow risk

The Commission has variable rate bank overdraft facilities bearing interest which varies with the prime interest rate. Accordingly, the Commission is exposed to cash flow risks relating to potential fluctuations in market interest rates.

18. Comparative figures

Certain 2011 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2012.

THE NIAGARA PARKS COMMISSION
SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ending October 31, 2012
(in thousands of dollars)

	Land	Land Improvements	Buildings Roadways Structures	Equipment Furnishings Vehicles	Capital Works in Progress	**2012**	2011
Cost							
Beginning of year	$ 14,359	$ 17,135	$ 202,191	$ 50,692	$ 565	**$ 284,942**	$ 274,897
Add additions			156	959	2,187	**3,302**	10,491
Less disposals				(2,304)		**(2,304)**	(446)
Transfers of capital works in progress			892		(892)		
End of year	14,359	17,135	203,239	49,347	1,860	**285,940**	284,942
Accumulated amortization							
Beginning of year			87,349	44,015		**131,364**	124,527
Add amortization			5,782	1,677		**7,459**	7,283
Less disposals				(2,232)		**(2,232)**	(446)
End of year			93,131	43,460		**136,591**	131,364
Net book value	$ 14,359	$ 17,135	$ 110,108	$ 5,887	$ 1,860	**$ 149,349**	$ 153,578

THE NIAGARA PARKS COMMISSION
SCHEDULE OF EXPENSES BY OBJECT

for the year ending October 31, 2012
(in thousands of dollars)

	Budget 2012	**Actual 2012**	Actual 2011
Cost of goods sold	$ 10,016	$ 11,112	$ 9,917
Salaries, wages and benefits	41,579	41,613	39,380
Sales and other	1,647	2,459	2,270
Equipment repairs and maintenance	4,321	4,235	4,360
Materials and supplies	2,057	2,209	1,840
Advertising and promotion	2,311	1,942	2,000
Facilities	6,159	5,709	5,632
Administrative	1,505	2,219	1,978
	$ 69,595	$ 71,498	$ 67,377